**Grant of concessions to textile exporters**

403. SHRI B. J. PANDA:
MS. PRAMILA BOHIDAR:

Will the Minister of TEXTILES be pleased to state:

(a) whether Government proposes to grant certain concessions to textile exporters to overcome the problems being faced by them as a result of appreciation of rupee against Dollar;

(b) if so, the details thereof, *inter-alia* indicating its status in Orissa;

(c) the textile-export target for the current fiscal; and

(d) with the above concessions how far it will help to achieve the target?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) and (b) Taking into account submissions of textiles and clothing export promotion councils and other associations, that the exports of textiles have been adversely affected due to the appreciation in the value of the Indian rupee *vis-a-vis* US dollar in the recent months, the Government has provided several relief measures, which include increase in Duty Entitlement Pass Book and Duty Drawback rates, exemption from service tax on select services, reduction in interest rates of pre-shipment and post-shipment credit and faster clearance of arrears of terminal excise duties and Central Sales Tax. These measures are applicable for the entire country including the States of Orissa.

(c) and (d) The target for the current fiscal year for textiles and clothing exports is US$ 25.06 billion. It is hoped that the textiles industry would be making sincere efforts to achieve the export target in the current fiscal year.

**Unemployment due to crisis in textiles exports**

†404. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that during the year 2006-2007 due to the crisis in export sector in textile-industry there is probability of 1.22 lakh laboures rendering unemployed;

(b) if so, the details thereof; and

(c) the reasons for arising a deep crisis in the textile industry?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN); (a) to (c) There was no crisis in India's textiles exports during the financial year 2006-2007. In fact, textiles exports registered a growth of about 7% in US dollar term during the financial year 2006-2007. There were no reports of un-employment in the financial year 2006-2007 in the textiles sector.

**Technology Upgradation Fund Scheme**

† 405. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that a decision has been taken for implementing Technology Upgradation Fund Scheme by the end of 11th Five Year Plan;

(b) if so, the details thereof;

†Original notice of the question was received in Hindi.

(c) the benefit provided to textile industry under this plan till now;

(d) whether Government has contemplated for increasing benefits being given, in the future; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) The Scheme has been approved by the Competent Authority in line with the recommendations of the Expenditure Finance Committee for the entire 11th Plan period within the plan outlay and with a review to be undertaken in 2009-10.

(b)The details are furnished at Statement I. *(See* below)

(c)The benefits provided to textile industry under this scheme till now are furnished at Statement II. *(See* below).

(d)and (e) Since the Scheme has been modified recently, the Government does not contemplate for any increasing benefits to be given in future.

***Statement-I***

*Details of Technology upgradation Fund Scheme*

(i) The rate of interest reimbursement on spinning machinery has been reduced to 4%. All the remaining sub-sectors covered under the scheme would continue to get assistance® 5%.

(ii) The scheme will continue to provide cover for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage will be 4%.

(iii) The Scheme will now provide an additional option to the powerlooms units to avail of 20% Margin Money subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs. 20 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

(iv) The Scheme will not provide 15% Margin Money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs. 15 lakh. A minumum of 15% equity contribution from beneficiaries will be ensured.

(v) The Scheme will continue to provide 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

(vi) The Scheme will now provide 5% interest reimbursement plus 10% capital subsidy for specified machinery required in manufacture of technical textiles and garmenting machineries.

(vii) The Scheme will now provide interest subsidy/capital subsidy/margin money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation in view of the decision for non-subsidizing the taxes.

(viii) The Scheme will provide 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.

(ix) The entire range of imported second hand machinery will not be ineligible under the Scheme for any benefit except automatic shuttleless looms with the value cap of Rs. 8.00 lakh per machine and 10 years' vintage and with a residual life of minimum 10 years, (x) Other investments such as energy savings devices, effluent treatment plant, in-house R&D, IT including ERP, TQM including adoption of ISO/BIS standards, CPP etc. will now be eligible for benefits of the Scheme only upto 25% of the cost of machinery.

(xi) Invesments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector and handloom with existing 50% cap i.e. 50% of the cost of machinery and equipment.

(xii) On loans sanctioned during 01.04.1999 and 31.03.2007, the then existing parameters and guidelines will apply.

***Statement-II***

*Benefits provided to textile industry under the scheme*

(i) a reimbursement of five pecentage points on the interest charged by the lending agency on a project of technology upgradation in conformity with the Scheme;

(ii) a cover for foreign exchange rate fluctuation not exceeding 5% in respect of foreign currency loans;

iii) an additional option to the powerlooms units to avail of 20% capital subsidy in lieu of 5% interest reimbursement subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs. 20 lakh;

(iv) an additional option to the SSI textile and jute units to avail of 15% capital subsidy in lieu of 5% interest reimbursement subject to a capital ceiling of Rs. 100 lakh and ceiling on capital subsidy Rs. 15 lakh;

(v) 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

(vi) 25% capital subsidy on purchase of the new machinery and equipment fox the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.

(vii) provision for certain imported second hand textile machinery.

viii) Other investments such as energy saving devices, effluent treatment plant, in-house R&D, IT including ERP, TQM including adoption of ISO/BIS standards, CPP etc. eligible for benefits of the scheme only upto 100% of the cost of machinery.

(ix) Investments like land, factory building, pre-operative expenses and margin money for working capital eligible for benefits of the scheme.

**Increase in MSP for cotton**

406. SHRI SANJAY RAUT: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that higher production cost of cotton, Minimum Support Price (MSP) of cotton and import of cotton has exaggerated the situation of the farmers in Maharashtra;

(b) whether it is also a fact that there is a big gap between Minimum Support Price and production cost of the cotton;

(c) if so, whether Government has any proposal to increase M.S.P. and also increase of import duty on cotton; if so, the details thereof; and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN):(a)No, Sir.

(b) No Sir. The MSP is fixed by the Government of India every year on the recommendation of Commission on Agricultural Costs & Prices (CACP) which takes into account the cost of cultivation per hectare, cost of production per quintal in various regions of the country, changes in input prices like seeds, pesticides, fertilizers etc., demand and supply situation, effect of industrial cost structure, parity between prices paid and prices received by the cotton farmers etc., plus a reasonable profit margin to the cotton farmers. This mechanism